

### 3.3 ECONOMIC DEVELOPMENT

#### BACKGROUND

##### Regional Economy

The City of Roanoke is the hub of the larger regional economy. While the City, the Counties of Roanoke, Botetourt, Franklin, and Bedford, the City of Salem, and the Town of Vinton have separate political identities, they work cooperatively together as a metropolitan area. Over the past few years, Roanoke and 16 other counties, towns, and cities have worked to expand their economic influence to become known as the New Century Region. This expanded area of influence recognizes the interdependence of economic activity over a broader area. While many of these outlying areas have a greater abundance of vacant land and natural resources, the highest concentrations of commercial and retail businesses and medical services are in the City.

A recent economic study, entitled *Studies on the Regional Economy and Public Attitudes Toward Growth in Western Virginia*, indicated that employment and population growth has grown at a slower pace in the New Century Region than in the state and the nation. Increasing the educational attainment levels of the workforce and focusing efforts to attract industries experiencing growth (i.e., technology) were cited in the study as important economic objectives for the region.

##### Regional Approach

The formation of the Roanoke Valley Economic Development Partnership in 1984 was a significant regional effort among Roanoke and adjacent jurisdictions to create an organization responsible for marketing localities in the Valley to prospective companies. The Partnership has identified four target industries that enhance and support existing industries in the Valley: biotechnology, optics, information technology/software, and transportation-related manufacturing and services.

##### Economic Sectors

Roanoke's economic base has transitioned from a predominantly manufacturing economy to a modern service economy. By 1998, the service industry was the largest industry in the City, employing almost 25,000 or 33.1% of the labor base. Health care related activity accounted for one-third of the service industry, due to Roanoke's position as the regional medical center of southwestern Virginia. Today, Carilion Health System is the largest employer in Roanoke with over 6,000 employees. Trade (retail and wholesale) is the second largest industry, covering a 16-county trade area, which has a combined population in excess of 600,000. This population is located within a one-hour drive of downtown Roanoke and has an effective buying income of over \$9.4 billion. Roanoke has had the highest per capita taxable sales in the Commonwealth for seven years.



Manufacturing is the third largest industry in the City, employing 13.2% of the employment base. A broad range of manufacturing companies is represented, producing buses, textiles and apparel, fiber-optics, business forms, and ceramic chip capacitors. Government is the fourth largest employer in the City. Local government accounts for 59% of these employees, 25% are federal, and 16% are state employees. Transportation is the fifth largest industry, while finance, insurance, and real estate ranks sixth. In 1990, the unemployment rate for the City was 3.6%, growing to a high of 5.6% in 1992. It dropped to an historic low of 1.6% in 2000. The Roanoke metropolitan area dominates the local labor draw area as well. In 1980, 10,500 people commuted into the City daily. In 1990, that number had doubled to 20,234.

#### **Downtown**

Roanoke's downtown continues to serve as the economic engine and cultural center for the region. It is the preferred office location in the City. An update to the downtown plan will be completed by summer 2001. The plan will address connections with surrounding neighborhoods, the South Jefferson Redevelopment area, and locations for residential and high-tech space. The downtown plan will include recommendations for new activity centers including a technology zone in the downtown to attract new technology-based companies. The downtown plan will also conduct a retail and entertainment assessment of the downtown area.

#### **Tourism**

Tourists and visitors come to Roanoke to take advantage of the excellent shopping and the broad range of entertainment and cultural events. Tourism contributed more than \$200 million to Roanoke's economy in 1999. The Convention and Visitor's Bureau is the lead regional agency responsible for marketing the Roanoke Valley to tourists and visitors.

#### **Industrial Development**

Many of Roanoke's industrial uses are closely associated with the transportation system; the majority of the industrial land is located around railroads, major roads, the airport, and designated flood plains adjacent to the Roanoke River. The City's easy access to rail and major highways has made it a prime location for distribution centers. The regional airport, located within the City limits, is expanding its role as an air-freight center and passenger hub for the region.

Since 1983, the Roanoke Valley has attracted more than 70 expansions and relocations. They represent more than 9,700 jobs and \$749.3 million in investment. Recent trends reveal that technology companies have chosen to locate in Roanoke, such as Precision Technology Group, Altec Industries, Spectacle Lens Group of Johnson & Johnson Vision Care, and InSystems Technologies.

#### **Retail and Commercial Development**

The Valley View Mall area, the City's largest regional shopping center, is in close proximity to the downtown and the airport and is easily accessed from I-581. This area has attracted big-box retail, such as Walmart, and a wide range of hotels, restaurants, and entertainment venues. The Valley View area is a regional destination and is important to the overall economic health of the City.



### Workforce

The types of industry clusters Roanoke hopes to attract to the region require an educated workforce. The region's adult labor force had lower educational attainment levels than the state's adult population as a whole in 1990. Roanoke has made significant investments in education through the public school system and in attracting a consortium of higher education institutions to offer a range of programs in the newly renovated Roanoke Higher Education Center located immediately north of the City's downtown.

### Redevelopment Efforts

In 2001, City Council approved redevelopment plans for the South Jefferson Redevelopment Area, which will house the Riverside Centre for Research & Technology (RCRT). The Carilion Biomedical Institute is expected to be the first tenant of the Centre. Virginia Tech and the University of Virginia will join Carilion in promoting biomedical science, engineering, and technology for research and development.

The City's role will be to coordinate planning, assemble land, build the infrastructure, and provide incentives that will encourage the clustering of health care, biotechnology, research, and supporting business facilities in the area.

### Village Centers

Many of Roanoke's traditional neighborhoods developed as "villages," self-contained centers that provided opportunities for people to live, work, shop, play, and interact in a local setting. Village centers offer amenities typically not found in suburban areas, such as convenient access to schools, local shops, and places of employment. Village centers contain retail, entertainment venues, and office space that contribute to the economic health of Roanoke.

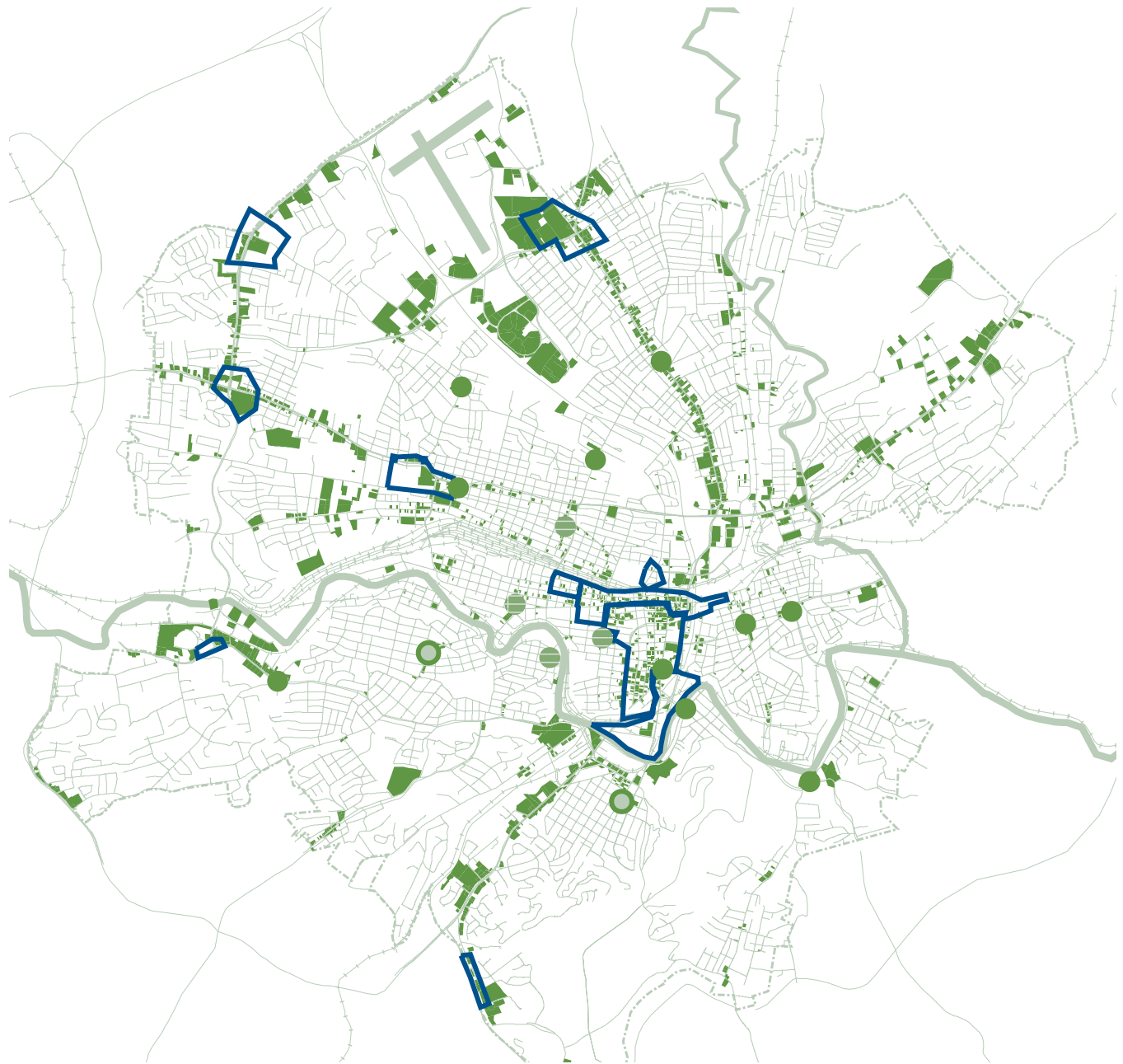
### Enterprise Zones

The Enterprise Zone program enables the state and a local government to enter into a 20-year partnership to encourage business expansion and recruitment by offering both state and local incentives. Roanoke established two enterprise zones. Enterprise Zone One was established in 1984 and is centered along the main east-west tracks of the Norfolk Southern Railroad. Enterprise Zone Two was established in 1996 and contains the largest inventory of industrial sites in the City covering the Roanoke Centre for Industry and Technology and adjacent areas.



### Technology Zones

Municipalities use technology zones as an economic development tool to attract technology companies. Technology zones are designated areas that provide tax incentives and regulatory flexibility through the reduction of permit fees, user fees, and any type of gross receipts tax. The City may designate a technology zone in an existing enterprise zone for up to 10 years.




### 3.3.1 Commercial Development

- Commercial Land Use
- Development Opportunities
- Existing Village Center
- Village Center for Revitalization
- Potential Village Center



### 3.3.2 Industrial Development

-  Industrial Land Use
-  Development Opportunities

## POLICY APPROACH

City investment alone is not sufficient to revitalize the economy. It takes significant investment from the private sector, coupled with the City's support, to sustain growth. These public/private sector investments need to be targeted to specific geographic areas and economic clusters to maximize their impact. Areas targeted should have the potential for significant job creation, leveraging existing industry, or enhancing community quality of life and access to services.

## STRATEGIC INITIATIVE



**Shifting Gears - New Economic Initiatives:** Roanoke should pursue an aggressive strategy that develops and attracts businesses in the target industry clusters: biotechnology, optics, information technology/software, and transportation-related manufacturing and services. To accomplish this goal, Roanoke must invest in the critical amenities of entertainment,

environment, and recreation to provide a high quality of life. The City must have a diverse supply of housing that offers choices for people of all age groups and interests. The City must also be a learning city that values lifelong learning and provides a strong core education for all students. Workforce Development Services at Virginia Western Community College provides continuing education, up-to-date training, and resources to support the technical training requirements of these industries.

Attracting and retaining businesses in these target industries require ongoing support for training and the availability of developable industrial land.

Roanoke must attract knowledge-based industries by having a pool of qualified workers, a research and development presence, telecommunications infrastructure, transportation services (air and rail service), water quality, non-interruptible power, and a high quality of life, which includes a vibrant, diverse setting. Roanoke has strengths in many of these areas, but it will take the concerted effort of many partners working toward the same goal to create a strong economic development climate. Roanoke should pursue an aggressive strategy that develops and attracts businesses in the target industries such as biotechnology, optics, information technology/software, transportation-related manufacturing and services, and supporting business services.

The plan encourages the development of commercial and residential centers as opposed to strip development. As an example, commercial areas along Williamson Road or Melrose Avenue could be enhanced by clustering a mixture of higher-density residential and commercial uses at key intersections. Applying the concepts in the village center initiative should be considered.

Roanoke has several older shopping centers and strip commercial areas. Many of these are located along traditional transportation routes such as Williamson Road, Melrose Avenue, Hershberger Road, and Franklin Road. Commercial strip areas are frequently characterized by

## STRATEGIC INITIATIVE

**Redeveloping Underutilized Commercial and Industrial Sites:**

The economic success of large-scale retail in the Valley View and Tanglewood areas has changed consumer patterns in the City and region. Older commercial sites have experienced long periods of vacancy or change in use to light industrial (i.e., warehousing, and distribution). These commercial sites often have a single structure surrounded by large expanses of parking.

In the 1960s, the City rezoned a significant amount of land to encourage industrial development. However, some of those areas are still in residential use because the assembly of lots under multiple ownership was difficult.

In addition, the location of industrially zoned sites discourages development because of poor access to highways. For example, the industrial area bounded by Plantation Road, Hollins Road, and Liberty Road has an uneven traffic pattern characterized by four-lane roads changing abruptly to two-lane roads. Many industrial areas are located in the flood plain, which discourages development because of the additional development costs for infrastructure and flood insurance. Concepts for redevelopment of commercial and industrial sites are illustrated in Chapter 4, City Design.

small lot sites or older shopping centers, many of which have found new uses such as warehousing or outlet centers. Visual conflicts between residential and commercial uses are common to many of these areas.

Underutilized shopping centers and commercial sites can be converted to more appropriate uses that are assets to the neighborhood. These sites are frequently located on main thoroughfares and detract from the visual appearance of the community. By redeveloping these sites with showroom-type buildings along the street frontage and placing the parking into the newly created interior area, these sites can accommodate a range of uses from institutional to warehousing and showrooms. Revisions to the zoning ordinance to permit this type of development with greater site coverage, requiring zero setback from the property line, and establishing maximum parking requirements are ideas that can be considered as incentives to converting these underutilized sites to dynamic business centers.

Roanoke should market the rich diversity of its neighborhoods to attract young families and young adults. Neighborhoods with village centers provide opportunities to market housing, smaller-scale specialty destination shops, offices, and live/work space. Village centers should be supported by permitting higher-density residential development at the edges or above stores to add to the vitality and to serve as the transitional buffer between the commercial and lower-density residential areas.

## STRATEGIC INITIATIVE



**Selling Roanoke to Residents, Newcomers, and Visitors:** Many of Roanoke's assets are well-kept secrets, even among native Roanokers. The challenge is getting the message out – and whom to tell. People often make decisions about where to visit, live, and do business based on their image of the community. Successful communities are able to develop and market a "brand" name

that distills the core strengths and defines the characteristics of the place. A brand name should be clearly recognizable, consistently applied, and regional in scope to encompass the best qualities of life in the Roanoke Valley.

## POLICIES

- ED P1. **Economic base.** Roanoke will have a sustainable, diverse economic base that supports target industries in biotechnology, optics, information technology/software, transportation-related manufacturing and services, and supporting business services.
- ED P2. **Regional economic development.** Roanoke will participate in and actively promote regional economic development efforts.
- ED P3. **Downtown.** Downtown will continue to serve as the region's central business district with opportunities for downtown living, office space, retail, and cultural and entertainment attractions.
- ED P4. **Tourism.** Roanoke will promote tourism for the City and the region.
- ED P5. **Industrial development.** Underutilized and vacant industrial sites will be evaluated and redevelopment encouraged. Local policies and incentives and state economic incentives will strengthen the businesses and industries in the Enterprise Zones and provide jobs.
- ED P6. **Commercial development.** Roanoke will encourage commercial development in appropriate areas (i.e., key intersections and centers) of Roanoke to serve the needs of citizens and visitors.
- ED P7. **Workforce.** Roanoke will have a highly qualified and educated workforce to meet the demands of a knowledge-based economy.
- ED P8. **Village centers.** Village centers will be pursued as an economic development strategy to strengthen neighborhoods and the City's economy.

## ACTIONS

**Economic Base**

- ED A1. Develop and implement an economic development strategy that attracts, retains, and expands businesses in the targeted industries such as biotechnology, optics, information technology/software, and transportation-related manufacturing and services.

### Regional Economic Development

- ED A2. Expand participation in regional economic development efforts. Continue meetings with elected officials and administrative staff in neighboring localities to discuss regional efforts.

### Downtown

- ED A3. Adopt the downtown plan, *Outlook Roanoke Update*, as a component of Vision 2001-2020.
- ED A4. Support initiatives to develop a technology zone in the downtown that permits mixed-use developments containing offices, residential, and commercial/retail support services.
- ED A5. Develop an entertainment strategy for the downtown market area.
- ED A6. Pursue strategies to increase availability of specialized retail and live/work space in the downtown.
- ED A7. Complete survey of historic structures in the downtown.
- ED A8. Facilitate the development of significant regional attractions such as the IMAX Theater.
- ED A9. Revise zoning ordinance to discourage demolition of downtown buildings being replaced by surface parking lots.

### Tourism

- ED A10. Develop a "brand identity" for Roanoke. Coordinate with regional partners to launch a marketing campaign.
- ED A11. Identify and develop a consistent funding source for promotion of tourism, marketing, and special events that provides information for tourists and residents. Increase the current level of funding for the promotion of regional tourism through the Convention and Visitors Bureau and other related agencies.
- ED A12. Develop and install directional signs that are clear, consistent, and strategically placed to identify major attractions that capture tourists.
- ED A13. Provide transportation connections (i.e., shuttle service) to multiple sites such as Explore Park, Carvins Cove, and Mill Mountain.
- ED A14. Promote greenways and linkages to the downtown and surrounding areas.
- ED A15. Increase efforts to provide tourist information for residents and visitors.
- Develop a primary source of consistent, up-to-date information that promotes and advertises festivals, events, and tourist attractions.
  - Develop and maintain a web site and list serve with public information.
  - Expand efforts to market attractions and programs at the airport and other key locations.
  - Create satellite centers for visitors at area shopping centers to capture local, regional, and destination shoppers.
  - Develop a regional outdoors guide.

ED A16. Expand the current marketing strategy to target young families and young adults. Strengthen and expand the Newcomer's Club; create a junior newcomer's club that involves children and teenagers.

ED A17. Develop a youth hostel or other budget hotel accommodation in the downtown to encourage hikers and Appalachian Trail enthusiasts to visit Roanoke.

#### **Industrial Development**

ED A18. Identify underutilized industrial sites and promote redevelopment as part of Roanoke's economic development strategy.

ED A19. Support the redevelopment of the South Jefferson Redevelopment Area (SJRA) by coordinating with participating organizations such as Carilion, Virginia Tech, and the University of Virginia.

ED A20. Investigate a strategy for funding streetscape improvements in the Franklin Road gateway corridor (between SJRA and Wonju Street) to stimulate private sector development.

ED A21. Revise zoning regulations to encourage increased use of planned unit developments.

ED A22. Promote and market the Enterprise Zone program to existing and prospective businesses.

ED A23. Increase the role of the Industrial Development Authority and other related industrial redevelopment organizations for development of plans for areas such as the West End, Plantation Road, and Shenandoah Avenue corridors.

#### **Technology Zones**

ED A24. Develop an economic development strategy to attract, retain, and grow technology businesses. Designate a lead agency to coordinate programs, resources, and planning for development of technology businesses. Create a web site that promotes Roanoke to technology companies including information about available space, communication infrastructure, and links to other technology resources.

ED A25. Establish technology zones that provide special tax incentives, expedited development, and economic development assistance. Designate a section of downtown as the primary technology zone and key village centers as secondary technology zones.

#### **Commercial Development**

ED A26. Identify underutilized commercial sites and promote revitalization.

ED A27. Revise zoning and develop guidelines that encourage maximum use of commercial and industrial sites by addressing setbacks, lot coverage, parking requirements, and landscaping to encourage development of commercial businesses in centers versus strip developments.

### New Economic Initiatives

- ED A28. Initiate small-area plans for mixed use (i.e., residential, commercial, and industrial) and industrial redevelopment in the West End, Plantation Road, and Shenandoah Avenue corridors.
- ED A29. Initiate small-area plans and appropriate rezoning for the Crossroads area to consider a mix of high-density residential, commercial, and research and development.
- ED A30. Develop incentives and programs to encourage redevelopment activities that create attractive commercial corridors that address strip development and underutilized commercial centers.
- ED A31. Revise zoning ordinance to permit small-acreage, mixed-use (flex-space) development.
- ED A32. Revise zoning ordinance to permit home offices in certain residential areas.
- ED A33. Explore redevelopment of areas identified for industrial, commercial, or mixed-use development or reuse such as:
  - South Jefferson Redevelopment Area
  - Franklin Road between SJRA and Wonju Street
  - Crossroads Mall area
  - Campbell Avenue between 5th and 10th Streets
  - Roanoke Salem Plaza
  - Shenandoah Avenue
  - Plantation and Hollins Road area

Area plans for these sites should include participation of stakeholders and design professionals.

### Work Force

- ED A34. Invest in education and training to create a labor force that can succeed in an information-based economy.
- ED A35. Support and expand workforce development efforts that link economic development agencies and educational institutions. Develop work/study (co-operative) programs linking existing industry, high schools, colleges, and economic development agencies.

### Village Centers

- ED A36. Encourage village centers through identification of potential locations in neighborhood plans.
- ED A37. Develop design guidelines for village centers.
- ED A38. Revise zoning ordinance to permit mixed-use residential/commercial development and live/work space in village centers and on the periphery of the central commercial areas.